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CIA RESERVE CORPS

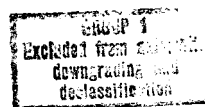
The Agency has need of a system whereby optional retirements and required retirements under both the Civil Service Retirement System (CSRS) and the Central Intelligence Agency Retirement System (CIARS) are in harmony with the Agency's management needs and the individual's personal welfare. These objectives would be obtained to some degree with the creation of a CIA Reserve Corps in which the retired employee would serve in a reserve capacity and would receive supplementary compensation to his annuity for a three-year period.

In brief, the proposal would incorporate these two features:

a. Create a CIA Active Reserve in which retired annuitants would serve not more than three years. To qualify, the reservists must obligate themselves to return to duty in the Agency if asked to do so. The obligation should be renewed at least every six months during the three-year period. Failure to renew the obligation automatically disqualifies the individual from the program.

b. Supplementary Compensation: The reservist would receive supplementary compensation under a predetermined formula of a percentage of the difference between his former salary and the annuity he receives upon retirement. A formula could be structured on the following:

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	<u>1st year</u>	<u>2nd year</u>	<u>3rd year</u>
a.	80%	40%	20%
b.	80%	60%	40%
c.	60%	40%	20%

The minimum age for participation in the Reserve would be when the employee is first entitled to an unreduced annuity--in the CIARS at age 50 and in the CSRS at age 55. The maximum age for participation in the Reserve would be:

- a. Age 60 for retirees in the CIARS
- b. Age 63 for retirees in the CSRS

The basis for this proposal is as follows:

a. CIA has a need to maintain a reserve of personnel trained and experienced in Agency methodology, who would be available for immediate duty in the event of a national emergency or a requirement for an abrupt increase in the skills found in any particular field of Agency occupations. Prompt availability would require continuance of medical and security clearance status and an obligation upon the reservist to accept recall either as an employee or in a contract status. This will ensure a viable reserve corps together with an incentive to participate in a reserve program.

b. Supplementary compensation over the annuity to serve in the reserve corps will enable the (retiree) reservist to more equitably adjust to his retirement status and offset the sharply reduced living

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income. Further it will permit the employee time to seek and adjust to a second career or full retirement status. The downward scaling of the supplementary compensation would be consistent with the declining usefulness of the individual's skills after retirement from the Agency.

c. The opportunity for employees to avail themselves of early retirement at an unreduced annuity and serve in the CIA reserve corps for not more than three years should be rather attractive to those employees seeking a second career but whose skills would still be useful to the Agency until they have established that second career. Any reservist who finds other employment which he does not wish to jeopardize or for other reasons does not wish to be recalled, of course, cancels his reserve status. The age limit of 60 for participation in the reserve for those in the CIARS is consistent with the argumentation presented by CIA to the Congress justifying retirement as early as age 50 and the granting of a more favorable annuity formula. The age limit of 63 for service in the reserve corps by employees under the CSRS is generally consistent with the broad nature of their Agency duties and the fact that Civil Service retirees suffer a 3.75% reduction in annuity as compared with the CIA retirees.

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